Government of Saskatchewan

Annual Report 1988-89

Judges of the Provincial Court Superannuation Fund

Regina, Saskatchewan

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to transmit herewith the eleventh Annual Report of the Judges of the Provincial Court Superannuation Fund for the year ending March 31, 1989.

I have the honour to be, Madam

Your Obedient Servant,

J. Gary Lane, Q.C.
Minister of Justice

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Introduction

Section 27(1) of The Provincial Court Act established the Judges of the Provincial Court Superannuation Fund to provide pensions to judges employed by the Province. Previously pensions had been provided to qualifying judges through The Magistrates' Courts Act. Judges appointed at the time the Fund was established had the option of retaining the benefits provided under The Magistrates' Courts Act, or opting to contribute to the Fund and earn a pension under The Provincial Court Act. For those judges who transferred, service under The Magistrates' Courts Act is included as service in the calculation of pensions under The Provincial Court Act.

Operation of the Fund

The Fund is credited with contributions paid by judges together with interest earned on the investment of monies in the Fund. Payments may be made out of the Fund for pensions, annuities, supplementary allowances, refunds and interest. Any deficiency in the Fund is paid out of the Consolidated Fund.

Payments of annuities, granted under The Magistrates' Courts Act, to retired magistrates or widows of retired magistrates are continued under The Provincial Court Act. The annuities also are considered to be a deficiency in the Fund and are reimbursed by way of a payment from the Consolidated Fund each fiscal year.

The deficiency payment for the period April 1, 1988 to March 31, 1989 amounted to $261,593. Note 5 to the financial statements provides the detail of amounts making up the payment from the Consolidated Fund.

The Judges of the Provincial Court Superannuation Plan is a formula pension plan which provides pensions based on average salary and years of service as a judge or magistrate. The Magistrates' Courts Act provided an allowance to qualifying magistrates based on earnings at time of retirement.

A spouse of a judge in receipt of a pension is entitled to 60% of the judge's pension upon the death of the judge.

Contributions and Membership

For the period October 1, 1978 to December 31, 1980, judges contributed 9% of their salary to the Fund. For the period January 1, 1981 to December 31, 1986, judges were required to contribute 9% of their salary to the maximum deductible contribution to a registered pension plan, as allowed by the Income Tax Act (Canada) and as amended from time to time. On and after January 1, 1987, judges contribute 5% of their salary. Contributions are integrated with contributions to the Canada Pension Plan.

Contributions to the Fund for the year totalled $130,076; as at March 31, 1989, 33 judges were contributing to the Fund.

Pensions

Annuities paid to retired judges, or their widows, under both The Magistrates' Courts Act and The Provincial Court Act totalled $308,900 for the fiscal year 1988-89.

Investments

Effective June 1, 1988 the Investment Corporation of Saskatchewan became responsible for managing the investments of the Fund. Prior to this date, investments were managed by the Investment and Financial Services Division of Saskatchewan Finance. The investment policy directs that the assets of the Fund shall be in long-term, high quality investments yielding the best possible return with minimum risk. At March 31, 1989 the book value of the investment portfolio was $2,462,275. Of this amount, $1,661,916 was invested in bonds while $699,593 was in short-term investments and $100,766 in shares.

Administration

Effective April 1, 1988, expenses of administering the Judges of the Provincial Court Superannuation Fund were charged to the Fund. Previously, these costs were paid out of monies appropriated by the Legislature.

Administration of the Fund is assigned to the Public Employees Benefits Agency of Saskatchewan Finance.

Judges of The Provincial Court Superannuation Fund

Financial Statements

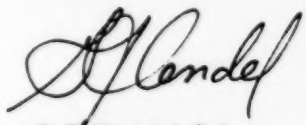
Year Ended March 31, 1989

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of the Judges of the Provincial Court Superannuation Fund as at March 31, 1989 and the statements of members' accumulated balances, unallocated fund balance and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1989 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
November 15, 1989.

G. F. Wendel, C.A.,
A/Provincial Auditor.

Judges of The Provincial Court Superannuation Fund

Statement of Financial Position

As at March 31

Assets	1989	1988
Cash	$ —	$ 27,603
Accounts receivable	12,804	8,513
Accrued interest receivable	63,304	51,383
	76,108	87,499
Investments (Schedule 1)	2,462,275	2,112,015
	$ 2,538,383	$ 2,199,514
Liabilities and Fund Balance		
Bank overdraft	$ 2,112	$ —
Payable to the Minister of Finance	—	545
Accounts payable	12,571	6,679
	14,683	7,224
Fund balance (Note 4):		
Members' accumulated balances (Statement 2)	1,182,793	1,121,989
Unallocated fund balance (Statement 3)	1,340,907	1,070,301
	2,523,700	2,192,290
	$ 2,538,383	$ 2,199,514

(See accompanying notes)

Statement 2

Judges of The Provincial Court Superannuation Fund
Statement of Members' Accumulated Balances
Year Ended March 31

	1989	1988
Balance, beginning of year	$ 1,121,989	$ 1,068,446
Add: Contributions by judges	130,076	90,181
	1,252,065	1,158,627
Deduct: Refunds	—	17,021
Retirement transfers	69,272	19,617
Balance, end of year — to Statement 1	$ 1,182,793	$ 1,121,989

(See accompanying notes)

Statement 3

Judges of The Provincial Court Superannuation Fund
Statement of Unallocated Fund Balance
Year Ended March 31

	1989	1988
Balance, beginning of year	$ 1,070,301	$ 844,857
Add: Payment from the Consolidated Fund (Note 5)	261,593	217,980
Investment income	262,259	223,441
Bank interest	1,513	1,498
Retirement transfers	69,272	19,617
	594,637	462,536
Deduct: Annuities paid under:		
The Magistrates' Court Act	39,034	37,651
The Provincial Court Act	269,866	196,226
Interest on contributions refunded	—	3,215
Administration expenses	15,131	—
	324,031	237,092
Balance, end of year — to Statement 1	$ 1,340,907	$ 1,070,301

(See accompanying notes)

Judges of The Provincial Court Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1989	1988
Sources of Cash:		
Operating Activities		
Contributions received	$ 124,587	$ 115,987
Payment from the Consolidated Fund	261,566	225,638
Investment income receipts	246,082	219,027
Bank interest received	1,566	1,411
Miscellaneous receipts	—	279
	633,801	562,342
Investing Activities:		
Proceeds from sale of investments	1,782,850	1,081,639
	2,416,651	1,643,981
Applications of Cash:		
Operating Activities:		
Annuity payments	304,595	232,843
Administrative expenses	12,309	—
Contributions refunded	—	20,236
Miscellaneous payments	518	—
	317,422	253,079
Investing Activities:		
Purchase of investments	2,128,944	1,379,076
	2,446,366	1,632,155
Net (decrease) increase in cash	(29,715)	11,826
Cash balance, beginning of year	27,603	15,777
Cash balance, end of year	$ (2,112)	$ 27,603

(See accompanying notes)

Judges of The Provincial Court Superannuation Fund
Notes to Financial Statements
March 31, 1989

1. **Description of the Fund**

   The Judges of the Provincial Court Superannuation Fund was established on October 1, 1978 under The Provincial Court Act to provide for the payment of pensions and allowances as authorized by that Act. The Fund is credited with required contributions by judges, payments from the Consolidated Fund and with earnings on investments held.

2. **Significant Accounting Policies**

   Investments

   The Fund records all investment transactions at cost. Premiums and discounts on bonds are amortized on a straight line basis over the remaining term of the security.

   Gains or losses on the disposal of bonds are deferred and amortized over the remaining term of the security sold.

3. **Actuarial Valuation**

   As outlined in Notes 1 and 5, benefits under The Magistrates' Courts Act and The Provincial Court Act are to be paid from the Judges of the Provincial Court Superannuation Fund. Pensions provided under both Acts are defined benefit final average pensions, however, only The Provincial Court Act requires judges to make contributions.

   An actuarial valuation was performed as at January 1, 1983 on the pension plan for Saskatchewan Provincial Court Judges including the implication of benefits payable under both Acts. The actuary stated that using the Aggregate Attained Age Method with Supplemental Liability, the present value of accumulated benefits resulting from services provided to the valuation date was $7 million, and the present value of pension fund assets was $0.7 million based on book values, for a net unfunded accrued liability of $6.3 million. In addition, the report stated that the combined future cost of the plan will be 17.11% of the judges' salaries in order to meet the cost of benefits to be earned for service after the valuation date.

4. **Fund Balance**

   a) **Members' Accumulated Balances**

   This represents the members' accumulated contributions to the Fund. These balances do not represent the accrued value of retirement benefits earned by members since retirement benefits provided under the respective Acts are based on years of service and salary levels.

   When a member withdraws from the plan, the member's accumulated contributions are refunded. Where a member superannuates, his accumulated contributions are transferred to the credit of the unallocated fund balance described in note 4(b).

   b) **Unallocated Fund Balance**

   The unallocated fund balance is composed of:

   i) the accumulated contributions of all superannuates at rates stipulated in "The Provincial Court Act",

   ii) investment income, and

   iii) payments received from the Consolidated Fund

   reduced by pension payments made to superannuates and interest allocated to members' accumulated contributions at such time as they withdraw from the plan and administrative expenses of the Fund.

5. **Deficiency Payment from the Consolidated Fund**

Section 52 of The Provincial Court Act provides that annuities being paid under the Magistrates' Courts Act shall be paid out of the Fund. Section 31 of The Provincial Court Act provides that a judge of the Magistrates' Court prior to October 1, 1978 may elect to receive the benefits to which he was entitled under The Magistrates' Courts Act rather than contributing to the Fund and receiving benefits as determined by The Provincial Court Act. Section 27(3) of The Provincial Court Act provides that any deficiency in the Fund shall be paid out of the Consolidated Fund. Accordingly, the annuities which are now or will become payable under The Magistrates' Courts Act are considered to be a deficiency and the Fund is reimbursed by way of a statutory appropriation from the Consolidated Fund each year. Also considered as a deficiency for administrative purposes are any amounts payable under The Provincial Court Act to superannuates which are in excess of an individual's accumulated contributions, and payments from the Consolidated Fund are increased accordingly. In addition, lump sum contributions may be received from the Consolidated Fund to reduce any unfunded liability.

	1989	1988
Deficiencies		
— The Magistrates' Courts Act	$ 37,651	$ 37,651
— The Provincial Court Act	223,942	180,329
	$ 261,593	$ 217,980

6. **Administrative Costs**

On June 28, 1988, subsection 27(4) of The Provincial Court Act was amended through the passing of The Department of Revenue and Financial Services Consequential Amendment Act, 1988. The amendment, which is retroactive to April 1, 1988, establishes that sums required for the purpose of administering the Judges of the Provincial Court Superannuation Fund shall be a charge on and paid out of that Fund.

The Judges of the Provincial Court Superannuation Fund is administered by the Public Employees Benefits Agency (PEBA). Prior to April 1, 1988, all expenditures for the administration of PEBA were paid out of the Consolidated Fund. During the year, subsection 32.1(2) of The Revenue and Financial Services Act was amended to establish the Public Employees Benefits Agency Revolving Fund. The Revolving Fund was established to account for all expenditures previously paid out of the Consolidated Fund for the administration of PEBA. In addition, the Minister of Finance may charge a fee for any services which he provides on behalf of the Revolving Fund.

These statements reflect the administration costs incurred by the Revolving Fund on behalf of the Judges of the Provincial Court Superannuation Fund for the period April 1, 1988 to March 31, 1989.

7. **Related Parties**

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Fund is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

8. **Investment Guidelines**

The Investment Provisions Amendment Act which is retroactive to June 1, 1988, amends section 28 of The Provincial Court Act. The amendment to section 28 changes the restrictions imposed on the Minister of Finance for the purpose of making eligible investments on behalf of the Judges of the Provincial Court Superannuation Fund. Effective June 1, 1988 the Minister of Finance may invest any part of the monies standing to the credit of the Judges of the Provincial Court Superannuation Fund in any securities authorized pursuant to The Pension Benefits Act.

9. **Investment Management Fees — Investment Corporation of Saskatchewan**

On December 1, 1988 the Judges of the Provincial Court Superannuation Fund resolved to enter into a unanimous shareholder agreement with the Investment Corporation of Saskatchewan. The resolution was retroactive to June 1, 1988.

The Investment Corporation of Saskatchewan was incorporated under The Business Corporations Act on June 2, 1988. Broadly stated, the powers of the Corporation are to conduct the business of investment management for any type of incorporated or unincorporated entity, including any fund.

The Minister of Finance, on behalf of the Judges of the Provincial Court Superannuation Fund acquired 666 Class B shares and 100 Class A shares in the Investment Corporation of Saskatchewan (ICS). Under the provisions of the unanimous shareholder agreement, the responsibility for the investment management of the assets owned by the Judges of the Provincial Court Superannuation Fund were transferred to the ICS and the Fund simultaneously became subject to the investment management fees levied by the directors of the Corporation.

Schedule 1

Judges of The Provincial Court Superannuation Fund

Schedule of Investments

As at March 31

Description	1989 Cost	1989 Market Value	1988 Cost	1988 Market Value
BONDS:				
Canada	$ 100,000	$ 100,250	$ 100,000	$ 107,000
Province of Saskatchewan				
December 1, 2002	200,000	223,250	200,000	227,500
March 30, 2003	175,000	188,344	175,000	191,590
June 2, 2000	100,000	103,563	100,000	105,000
Ontario Hydro	150,000	133,313	150,000	136,596
Norcen Energy Resources	87,000	93,416	91,000	105,100
City of Edmonton	300,000	331,500	300,000	346,689
Imasco	250,000	238,438	250,000	252,500
CCL Industries	250,000	230,555	250,000	244,553
Pacific Western Airlines	100,000	87,000	100,000	100,000
Total at par	1,712,000	1,729,629	1,716,000	1,816,528
Less:				
Unamortized discounts	(33,788)		(36,935)	
Unamortized gains	(18,538)		(20,013)	
Plus:				
Unamortized losses	2,242		2,697	
Total bonds	1,661,916		1,661,749	
SHARES:				
5,000 Laidlaw Transportation — Pfd	100,000	115,000	100,000	137,500
100 Investment Corp of Sask — "A"	100	100	—	—
666 Investment Corp of Sask — "B"	666	666	—	—
Total Shares	100,766	115,766	100,000	137,500
SHORT TERM INVESTMENTS	699,593	699,593	350,266	350,266
TOTAL INVESTMENTS	$ 2,462,275	$ 2,544,988	$ 2,112,015	$ 2,304,294